

CHAPTER 5: THE FLATHEAD ECONOMY

Introduction

Northwest Montana's economy is characterized by diversity. Flathead County has been identified as having the most balanced employment composition in the Rocky Mountain West,¹ with no one sector of the economy providing the most significant employment or wages. Region specific export products such as Flathead Cherries, the tourism draw of Glacier National Park and Flathead Lake, and the growing areas of healthcare, specialized services, construction, and retail trade have produced the diverse Flathead County economy of today.

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The county's natural environment is one of its chief economic assets contributing significantly to the high quality of life. This quality of life is characterized by natural scenic beauty, clean air and water and access to outdoor and recreational opportunities. The county's growing population fueled mainly by in-migration is a sign of the area's attractiveness and confirmation that the quality of life is a major economic asset.

Rapid population growth, detailed in Chapter 3, has been the major driver in the county's economic vitality. The population of older, working, financially established adults has rapidly increased as those in their early 40's to late 50's have chosen to relocate to Flathead County. With time and demographic changes, the economy has transitioned to reflect an increase in the number of incomes resulting in more business activity and job growth.

Comment [a1]: Update Chapter 3 accordingly; re: demographics and housing information.

Comment [a2]: Entire paragraph requires reworking to summarize previous economic trends, current economic conditions.

Discuss 'cyclical' changes to Flathead Economy; we are currently in an economic downturn, but this is not the first time it has happened...

Brief discussion of the recession specific to Flathead County, touch upon projections

Goal

- G.21 A healthy and vibrant Flathead County economy that provides diversity and living-wage job opportunities and is comprised of sustainable economic activities and private sector investment.

Policies

- P.21.1 Provide adequate land area designated for commercial and industrial use to promote affordability, creating entrepreneurialism and/or businesses relocation to Flathead County.
- P.21.2 Develop methods to enhance a sustainable agricultural and timber industry through community-based incentives.

¹ State of the Rockies; Report, Colorado College, 2004

- P.21.3 Foster small business development as a method to provide employment and locally produced goods and services to meet the needs and demands of local communities and to provide region specific export goods.
- P.21.3 Promote education and work force development programs to better prepare current and future generations for high quality job opportunities and to provide employers with quality and dependable workers.
- P.21.4 Utilize economic development authorities to attract relocation or startup of businesses that offer competitive wages and job opportunities for those with a range of educational backgrounds.
- P.21.5 Preserve the natural amenities that characterize the county in order to attract industries and businesses that maintain the high quality of life that attracts visitors and new residents, and sustains the tourism sector of the economy.
- P.21.6 Support the continuation of traditional and existing industries to maintain economic diversity.

Goal

- G.22 Available, accessible, and adequate business infrastructure including facilities, utilities, services and transportation networks to facilitate new businesses and relocation of existing businesses to the County

Policies

- P.22.1 Identify infrastructure needs of the various business types and identify areas of the County which can best suit those needs.
- P.22.2 Promote business centers and industrial parks in areas served by sufficient infrastructure with consideration to proximity to population densities.
- P.22.3 Encourage the development of an airport industrial/business center to provide convenient access to Glacier International Airport and to foster a growing economy.
- P.22.4 Consider the infrastructure needs of local businesses when prioritizing development of new county facilities.

PART 1: Economic Composition (see Goals 21 and 22)

The Flathead Valley was historically a natural resource based economy. Logging, mining and commodities production have decreased over time and a diverse economy, particularly strong in a variety of retail trade and service industries, is emerging. The

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Comment [b3]: Economy no longer as diverse as it was; elaborate on Figure 5.1

county economy has experienced significant restructuring over the past ~~twenty years from 1980 to mid 2000s; past four years somewhat different picture.~~ as employment, labor earnings, and sales have witnessed enormous increases in the services and retail trade sectors, far out shadowing sectors with slower or negative growth. The natural amenities contributing to the character of Flathead County have attracted many small businesses and technology companies that are becoming more prevalent in light of the new knowledge based, globalized economy. The factor responsible for this economic change is population growth, bringing demand for goods and services available in the local economy. Currently experiencing population decline based on unemployment? When did this start (year)?

Comment [a4]: Possibly rework to reflect current conditions; most information in this paragraph still accurate, just add a sentence or two reflecting economic changes since last written.

Growth of retail job sector – lower paying jobs have separate impact on economy

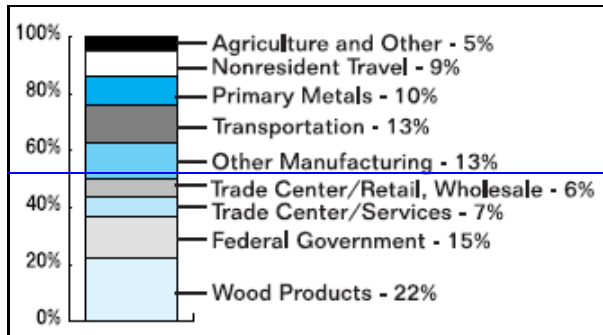
Several types of indicators may be used to evaluate trends in sectors and sub sectors of the economy. Wages and income, employment, and sales are some indicators which show changes over time. All of these indicators are discussed throughout this chapter to contrast past and current trends and to provide a snapshot of today's economy. The data detailing the Flathead County economy are extensive. However, consistent information for inter sector comparisons per year is not always available. Information contained in this chapter describes both basic and non basic sectors. Basic sectors are those sectors of the economy which are entirely dependent on export of their goods or services. Examples of basic sector goods are agriculture, manufacturing, and retail trade. Non basic sectors are dependent on local consumption of goods and services, and include services such as healthcare and education. Growth of healthcare industry

The county has grown in population over the past two decades. The growth in indicators such as wage income has vacillated between 1970 and ~~2000~~. For basic economic sectors, manufacturing of wood products, primary metals refining, and high tech account for approximately 45% of the economic base of the county. Another major element in the economy is the federal government which includes the USDA Forest Service and the U.S. Park Service, transportation including railroads, and ~~non resident~~ nonresident travel as shown in Figure 5.1.² Summarize the 2000-2003 wage income statistics shown by the original graph below; modify paragraph using current data (2007-2009), reference new chart as Figure 5.1 below. Describe sectors that differ – nonresident travel the major change., those that have

Comment [a5]: Statement requires point of reference (updated data to be included in Chapter 3) as well as further discussion in light of current economic conditions.

Figure 5.1 **Wage Income for Basic Economic Sectors—2000 through 2003**

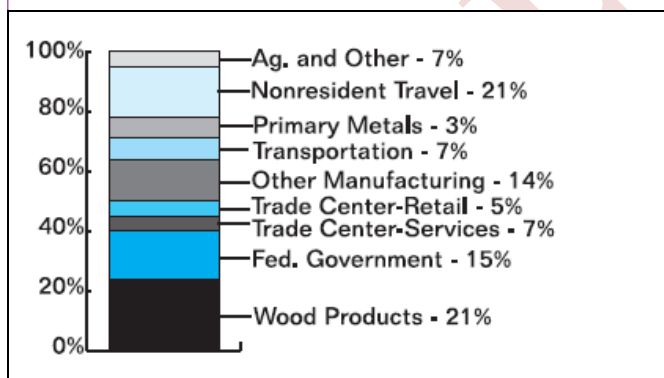
² Outlook for Flathead County, Montana's 2005 Economic Outlook—update citation information to reference the Bureau of Business and Economic Research at The University of Montana.



Source: Outlook for Flathead County, Montana's 2005 Economic Outlook

FIGURE 5.1

Labor Income in Basic Industries – 2007-2009 (percent of total)



Sources: Bureau of Business and Economic Research, The University of Montana;
Bureau of Economic Analysis, U.S. Department of Commerce

The economic sectors detailed in the US Economic Census provide data for standard sectors in the county economy. (Construction is not included.) From the Census information, the total increase in sales for all sectors equaled 6% over the five year period, increasing from \$2.24 billion to \$2.40 billion during that period. Retail trades were the largest portion of sales in the county equalling over \$1 billion in 2002, while manufacturing sales totaled nearly \$646 million, and health care and social assistance equaled \$278 million³. A detailed discussion of individual economic sectors is available in Appendix A: Baseline Analysis.

Flathead County should take the appropriate measures to create a market friendly environment that promotes entrepreneurship and small business investment. Appropriate and compatible land uses, such as industrial parks near the airport and visible and accessible commercial lands, are a critical component of maintaining a diverse economy.

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Comment [b6]: Combine 2007 data with current data – NEW CHART

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Comment [a7]: Update in March/April once Census data has been obtained. Add chart as necessary.

Comment [a8]: Update Appendix A: Baseline Analysis

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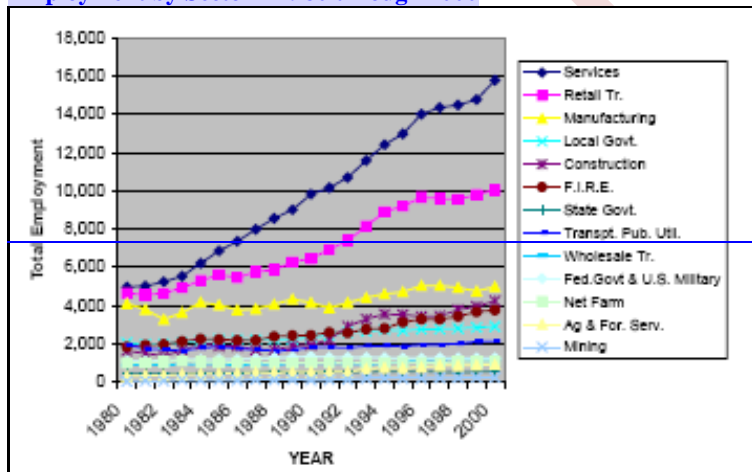
With population projected to continue increasing to over 111,000 by 2025, the Flathead economy will continue to grow. A plan to promote all economic sectors through appropriate, diverse and compatible land uses that preserve the integrity of the community will ensure opportunity for diverse growth.

[Lead in to economic development discussion HERE; reference section below \(following data and](#)

PART 2: Employment (see Goal 21)

From ~~1990 to 2000~~ 2000 to 2010, 15,700 new jobs were created in Flathead County representing an increase of nearly 50%. Dramatic increases occurred between 1980 and 2000–2007 in areas of services and retail trade as shown in Figure 5.2. Then what happened? Update using current census figures in March and April, addressing downturn in employment sectors and job growth (if any). Retain information above, as it is relevant to the overall economic picture of Flathead County during high growth years, followed by slow in growth.

Figure 5.2
Employment by Sector—1980 through 2000



Source: Swanson, Larry D. *The Flathead's Changing Economy: Assessing the Role of National Parks in the Economies of High Amenity, Non-metro Regions of the West*; National Parks Conservation Association, 2002

Approximately ~~35,707~~ 37,388 persons were employed in private and public agencies in 2004–2009, up from 35,707 persons in 2004. The concentration of employment is spread over several sectors as shown in Figure 5.3. The sector with the largest number of employees is retail trade with ~~5,554~~ 5,519 employees, followed by government, accommodation and food services, and healthcare and social services. Those sectors with the least number of employees are company and enterprise management with 92, mining with 190, and utilities with 193. Good place to discuss retail trade/pay.

Comment [b9]: Find updated projection for 2025 or 2050

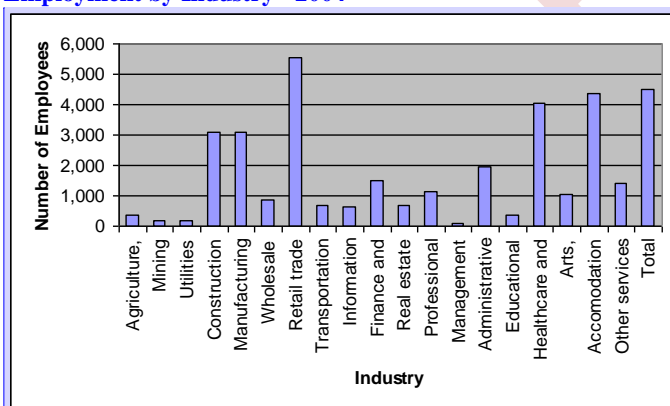
Comment [a10]: The Flathead economy continued to grow through 2008, then changed significantly; rework sentence, explaining current economic outlook.

Comment [b11]: Find number from Census

Comment [a12]: Need census data to update; Swanson's assessment is outdated.

Create chart showing total number of people employed in 2004 through 2005, 2006, 2007, 2008, 2009, 2010.

Figure 5.3
Employment by Industry – 2004



Comment [a13]: Locate data set from Dept. of Labor & Industry, combine with 2009 data to run a comparison graph showing change rates.

Source: Labor Market Information for Flathead County; Montana Department of Labor and Industry, 2005

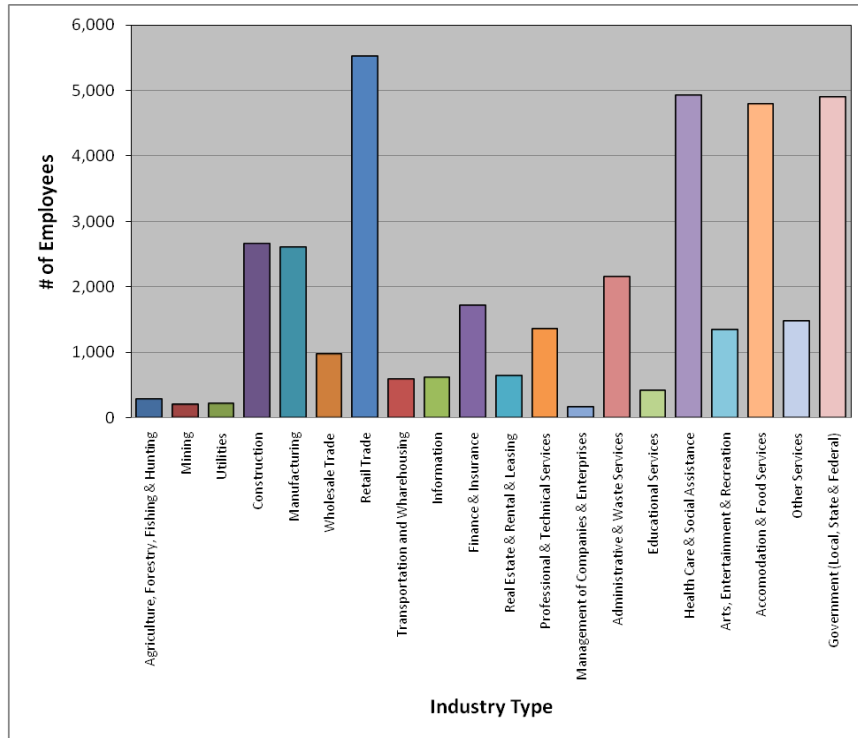
FIGURE 5.3
Employment by Industry – 2009

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Source: Montana Department of Labor & Industry, Quarterly Census of Employment & Wages Program

Growth in the service and retail sectors including retail trade and finance, insurance, and real estate has notably increased to meet the growth in population. Service and retail trade sectors witnessed a 57% employment growth during the 1990s. The types of occupations that increased were mainly high quality jobs such as those in health care, engineering and management services, and business services. Service and retail occupations accounted for over 70% of the labor earnings during the 1990's. Between 1997 and 2000, the number of employees in health care and social assistance increased by 257%, followed by arts, entertainment, and recreation with an increase of 74% and employees in administrative and support and waste management and remediation services which increased by 70%.³

Comment [a14]: Rework entire section to compare current employment sector data to previous data from 2004.

Unemployment Rates

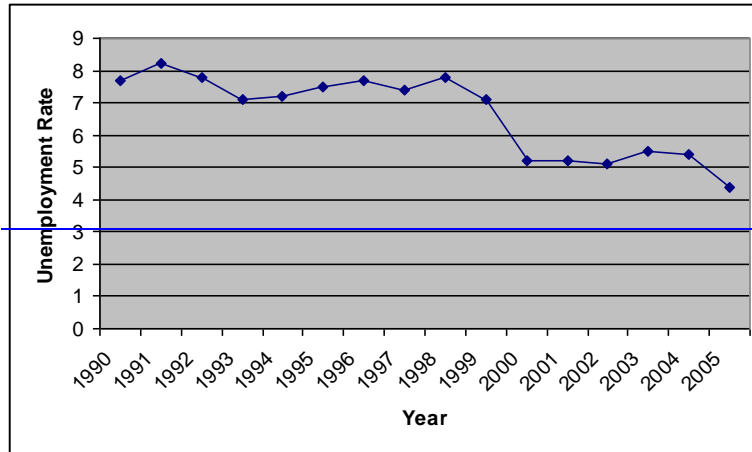
Flathead County is experiencing a low unemployment rate as seen in Figure 5.4. The Flathead County Job Service Workforce Center reports 600 job openings compared with 400 in spring 2005. Businesses in the service and retail trade sectors are experiencing difficulty hiring and maintaining dependable employees. [Give a general recap of the](#)

³ US Economic Census 1997, 2002 – [update citation along with updated data](#)

unemployment conditions when Growth Policy was initially written – pretty steady from 2000 to 2007 or so. Give specifics for unemployment data currently.

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Figure 5.4
Unemployment Rate—1990 through 2005



Source: Unemployment Rates and Labor Force Statistics; www.ourfactsonyourfuture.org

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FIGURE 5.4
Unemployment Rate – 1990-2009

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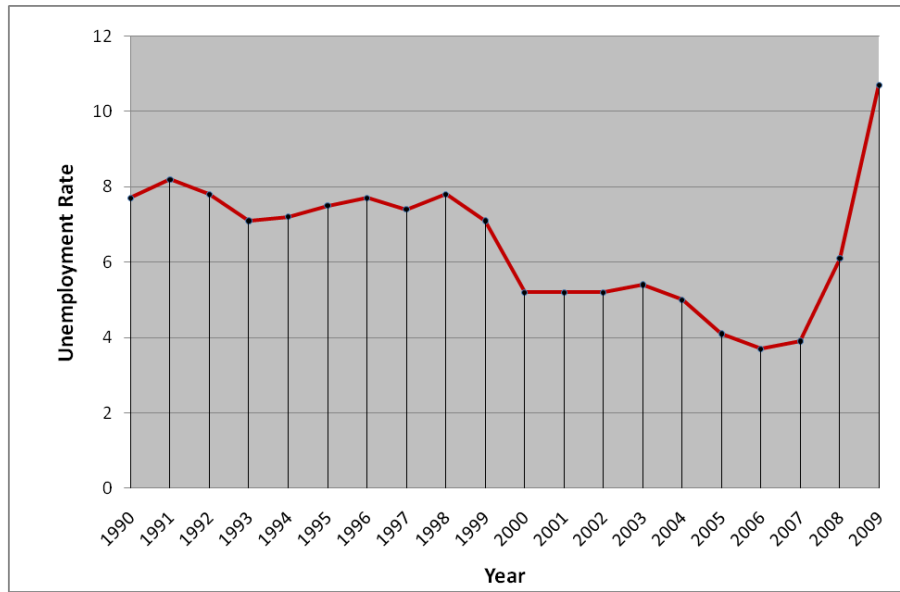


FIGURE 5.5
Annual Average Labor Force in Flathead County – 2005-2009

| Year | Civilian Labor Force | Employed | Unemployed | Unemployment Rate |
|------|----------------------|----------|------------|-------------------|
| 2009 | 44,516 | 39,773 | 4,743 | 10.7% |
| 2008 | 46,348 | 43,536 | 2,812 | 6.1% |
| 2007 | 45,777 | 44,174 | 1,603 | 3.5% |
| 2006 | 44,329 | 42,714 | 1,615 | 3.6% |
| 2005 | 42,685 | 40,868 | 1,817 | 4.3% |

Source: Montana Department of Labor & Industry, Local Area Unemployment Statistics Program

Outmigration (civilian labor force indicates?)

Look at Dept. of Labor & Industry figures for current civilian labor force

Create a graph using data from Figure 5.5

Wages

Flathead County wages were are rising up until 2007/2008, as shown in Figure 5.5. County employers pay less than US employers on average, but are more competitive with

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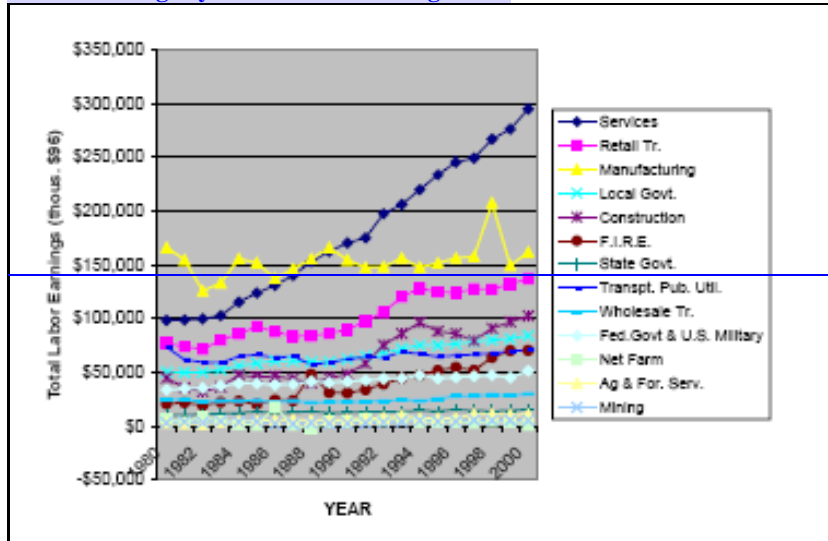
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average wages for the state of Montana across numerous sectors⁴. Wages rose by 7.4% from 2003-2004. Per capita personal income in 2004 was \$28,598 placing Flathead County as 10th highest in the state; today per capita income is _____.

Figure 5.5
Labor Earnings by Sector—1980 through 2000



Source: Swanson, Larry D. *The Flathead's Changing Economy: Assessing the Role of National Parks in the Economies of High Amenity, Non-metro Regions of the West*; National Parks Conservation Association, 2002

Find updated data for Labor earnings per sector.

The increasing cost of living in Flathead County has influenced what is defined as a “livable wage” or a wage which covers the costs of basic needs such as housing, food, transportation, healthcare, and insurance. The cost of housing in the county, as discussed in Chapter 3, is a major factor in determining a ‘livable’ wage since this cost has risen dramatically over the past decade. Approximately 51%⁴⁴⁴ of private businesses offer medical benefits. This is probably because a majority of companies are small business, which have four or fewer employees and offer medical plans only 47% of the time. In addition only 20% of employers in the county provide pension plans, and 41% offer a 401(k) or savings plan⁴⁴⁴. This is an additional consideration when factoring wage and income for area residents. Overall tone is accurate, need to update numbers and figures.

Wages have generally increased since the latter part of the 1990s when compared to the United States, the average earnings per job in Flathead County have steadily declined

⁴ Davis, Gregg, PhD and Lynette Smith. Flathead County Wage and Benefit Survey; Center for Business Information and Research, 2005 — update citation information based on current data sources, once above paragraph reworked and

Comment [a15]: Section should be reworked to discuss current trends in wages as they relate to historic trends. Keep existing information, just add to it based on most current census data.

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Comment [a16]: Need census data to update; Swanson's assessment is outdated.

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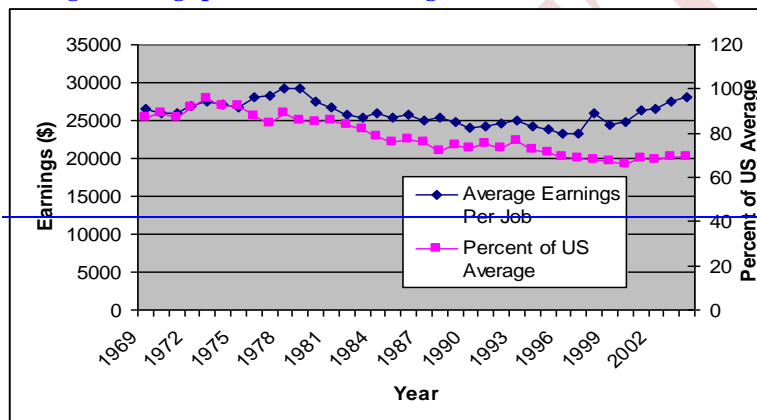
against the national average as shown in Figure 5.6. In the early 1970s the earnings per job in the county were comparable to those nationwide. In 1973 the average earnings per job in the county was over 95% of the national average. ~~By 2004 the average earnings per job had dropped below 70% of the national average.~~ Current comparison to the national average – find data. Frustration with below average wages is evident from the residents of Flathead County. A goal commonly cited by participants in the 2005-2006 growth policy scoping meetings was jobs with adequate wages that include health insurance (see Appendix B: Public Involvement Summary).

Talk to job service about general ‘feel’ of community re: wages, cost of living.

Comment [a17]: Summarize and update using census data, March/April

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Figure 5.6
Average Earnings per Job—1969 through 2004



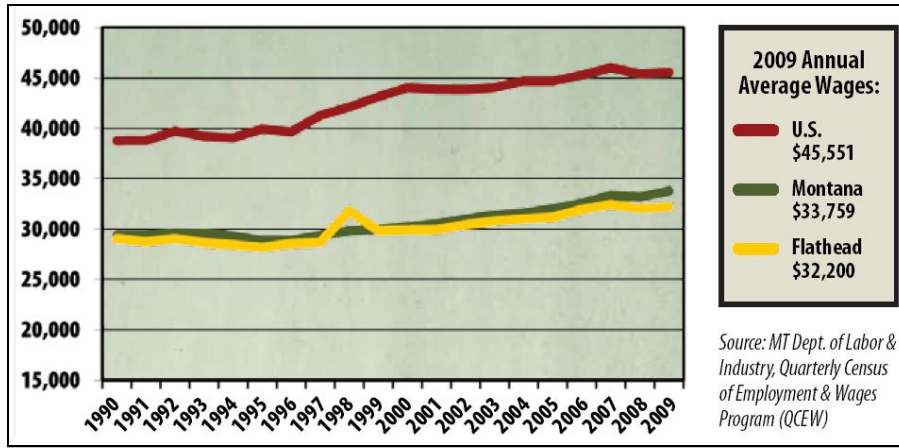
Source: Flathead County and Montana: Average Earnings per Job, 1969-2004; Northwest Income Indicator Project.

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FIGURE 5.6
Annual Average Wages – 1990-2009 (In 2009 Dollars)

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[Show more detail re: average wages for professional, 4 year college, trade schools, GED/high school, etc.](#)

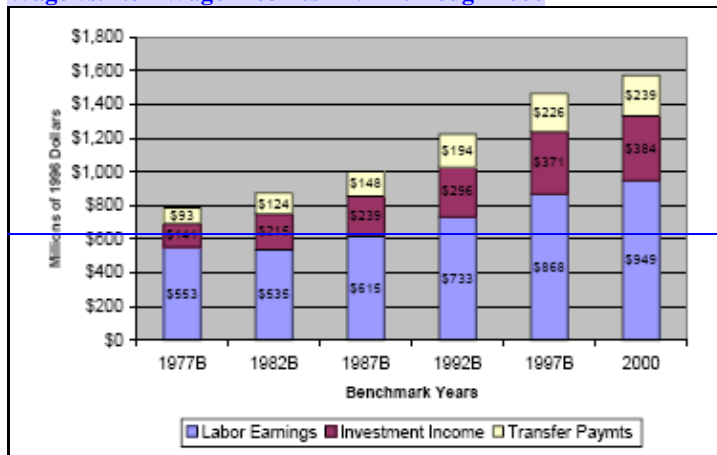
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Flathead County residents increasingly live on non wage incomes which include income from investments and transfer payments, such as social security, as the number of people in the age group of 40 to 60 years has grown. In 2000 60% of incomes were wage based a 10% decrease from 1990. Nearly 25% of income in the county came from investments such as dividends, capital gains, and interest. The remaining 15% came from transfer payments sources such as social security, Medicare and Medicaid. Figure 5.7 shows the income composition in the county from 1977 through 2000 comparing wage and non wage incomes.

Comment [a18]: Discuss relevance? If necessary, update using current census data.

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Figure 5.7
Wage vs. Non-Wage Incomes—1977 through 2000



Source: Swanson, Larry D. *The Flathead's Changing Economy: Assessing the Role of National Parks in the Economies of High Amenity, Non-metro Regions of the West*; National Parks Conservation Association, 2002

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Comment [a19]: Update using current census data, March/April

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Workforce

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At one time there were a number of vacant positions and employers were experiencing difficulty hiring; today there is the opposite problem – increased unemployment rates mean there are more people than there are jobs. The number of vacant positions indicates that employers are experiencing difficulty hiring and retaining dependable employees. The lack of sufficient workforce in Flathead County produces concerns about education, training and employee recruitment.

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This has changed entirely as a result of high rates of unemployment – summarize historic information above, as well as current conditions

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The majority of Flathead County residents 25 years or older have some education beyond high school, with 5% holding a two-year associate degree, 18% holding a four-year bachelor's degree, 6% with graduate or professional degrees, and 29% with some college but no degree. This education trend is similar to that throughout Montana. An educated workforce is critical to a diverse economy. A major component of attracting business investments to the county is having a well trained ambitious workforce. Flathead Valley Community College provides a critical service in achieving this objective and should be supported. For more on Flathead Valley Community College, see Chapter 7: Public Facilities and Services. See if we can find data on education level, labor sector and average annual compensation – CREATE NEW CHART.

In 2000 male workers comprised 54% of the workforce with female workers comprising the remaining 46%. Men held more jobs in labor intensive industries such as

manufacturing and construction and retail trade while more women held positions in education, healthcare finance and insurance⁵. [Update these two paragraphs using current census information – the chart below is an example of similar chart to create and include, showing education level and composition of workforce.](#)

TABLE 5.1
Workforce Education - 2010

| Educational Attainment | Flathead County | Montana | U.S. |
|-------------------------------------|-----------------|---------|-------|
| Less than High School Diploma | 12.6% | 12.8% | 19.6% |
| High School Diploma (or equivalent) | 30.6% | 31.3% | 28.6% |
| Some College | 27.4% | 25.6% | 21.0% |
| Associate Degree | 7.0% | 5.9% | 6.3% |
| Bachelor's Degree | 16.1% | 17.2% | 15.5% |
| Master's Degree | 4.3% | 4.6% | 5.9% |
| Professional Degree | 1.6% | 1.7% | 2.0% |
| Doctoral Degree | 0.4% | 0.9% | 1.0% |

Source: [U.S. Census Bureau, 2010](#)

[Again – find wage information for education level, labor sector.](#)

PART 3: Business Characteristics (see Goals 21 and 22)

The majority of businesses in the county are small businesses indicating entrepreneurship is significant. Advanced telecommunication and transportation infrastructure has allowed new business opportunities in the county. The attraction of a high quality of living in the county is an advantage in bringing relocation or start up of high tech and value added businesses, as these businesses produce high value goods with low environmental impact. Non employee businesses, or small businesses that employ only the business owner, are prevalent and compose a significant part of the Flathead County economy.

[Summarize past, reference specifics on charts below.](#) Approximately 3,986 individual private businesses operated in the county in 2004, 91% of which are small businesses with one to 19 employees⁶. Construction firms are the most numerous with 743 construction businesses which include construction of buildings, heavy and civil engineering construction, and special trade contractors. Retail trade is the second most numerous in regard to number of establishments with 534 businesses including motor vehicle and parts dealers, furniture and home furnishing stores, gasoline stations, and general merchandise stores. Professional and technical services, accommodation and food services, and other services are the next most numerous sectors in regard to number of businesses as shown in Table 5.1. Kalispell Regional Medical Center is the largest employer with roughly 1,600 employees.

[Attracting professionals/tradespersons to the area.](#)

⁵ www.censusscope.org – [update citation as necessary](#)

⁶ 2000 County Business Patterns for Flathead, MT; US Census 2000 – [update citation as necessary](#)

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Comment [a20]: Chart will need to be updated; this info is from 2000.

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Comment [a21]: Update information using Table 5.2, 5.3 and 5.4 below

Table 5.1
Number of Establishments per Sector—2004

| Industry | # of establishments |
|---|----------------------------|
| Construction | 743 |
| Retail trade | 534 |
| Professional and technical services | 358 |
| Accommodation and food services | 324 |
| Other services | 317 |
| Healthcare and social assistance | 304 |
| Administrative and waste services | 207 |
| Real estate and rental and leasing | 205 |
| Finance and Insurance | 200 |
| Manufacturing | 186 |
| Transportation and warehousing | 130 |
| Wholesale trade | 121 |
| Arts, entertainment, and recreation | 115 |
| Agriculture, forestry, fishing, and hunting | 101 |
| Information | 76 |
| Educational services | 29 |
| Mining | 18 |
| Management of companies and enterprises | 11 |
| Utilities | 9 |
| Total private businesses | 3986 |

Source: Labor Market Information for Flathead

TABLE 5.2
Number of Establishments per Sector and Annual Wages Per Job – 2009

| Industry | # of Establishments | Annual Wages Per Job |
|--|----------------------------|-----------------------------|
| Agriculture, Forestry, Fishing & Hunting | 88 | \$34,651 |
| Mining | 20 | \$44,185 |
| Utilities | 11 | \$62,227 |
| Construction | 869 | \$36,473 |
| Manufacturing | 188 | \$42,830 |
| Wholesale Trade | 142 | \$38,598 |
| Retail Trade | 484 | \$24,712 |
| Transportation and Warehousing | 124 | \$32,240 |

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| | | |
|---------------------------------------|--------------|----------|
| Information | 58 | \$40,045 |
| Finance & Insurance | 210 | \$47,953 |
| Real Estate & Rental & Leasing | 236 | \$25,641 |
| Professional & Technical Services | 440 | \$41,668 |
| Management of Companies & Enterprises | 14 | \$81,174 |
| Administrative & Waste Services | 244 | \$24,828 |
| Educational Services | 38 | \$26,999 |
| Health Care & Social Assistance | 325 | \$40,332 |
| Arts, Entertainment & Recreation | 121 | \$17,967 |
| Accommodation & Food Services | 326 | \$14,523 |
| Other Services | 312 | \$21,296 |
| Government (Local, State & Federal) | 112 | \$39,707 |
| - | - | - |
| TOTAL Private | 4,250 | - |
| TOTAL All Industries | 4,362 | - |

Source: Montana Department of Labor & Industry, Quarterly Census of Employment & Wages Program

Larger employers comprise a much smaller segment of the Flathead County economy. In 2000 twenty-four businesses employed between 100 and 499 employees, while only three businesses employed 500 or more employees⁶. Some of the top private employers in the county are shown in Table 5.2. Discuss both private and public sector employment, referencing tables 5.2 and 5.3 below.

Table 5.2

Top Private Employers in 2004

| Industry | Employer |
|---------------|--|
| Utilities | Century Tel, Flathead Electric |
| Services | Glacier Bank, Kalispell Regional Medical Center |
| Retail Trade | Wal-Mart, Smith's Food & Drug |
| Manufacturing | Semitool, Inc., Plum Creek Timber |
| Construction | Rocky Mountain Contractors, Schellinger Construction |

Source: Labor Market Information for Flathead County; Montana Department of Labor and Industry, 2005

TABLE 5.3

Top Private Employers in Flathead Valley – 2010

| Industry/Employer | # Employed |
|-----------------------------------|------------|
| Kalispell Regional Medical Center | 2282 |
| Teletex | 850 |
| Applied Materials | 800 |
| CenturyLink | 580 |
| WinterSports, Inc. | 500*/80 |
| Wal-Mart | 411 |

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|---|--------------------------|
| Burlington Northern | 375 |
| L.C. Staffing | 350 |
| North Valley Hospital | 305 |
| Plum Creek | 300 |
| National Flood Service | 260 |
| Super 1 Foods | 260 |
| Immanuel Lutheran Home | 250 |
| Western Building Center | 225 |
| Glacier Bank Corp. | 220 |
| Costco | 210 |
| The Lodge at Whitefish Lake | 180*/110 |
| Flathead Electric Coop | 165 |
| Lowes | 160*/142 |
| Target | 137 |
| Sportsman & Ski Haus | 131 |
| Northwest Montana Human Resources | 125 |
| F.H. Stoltze Land & Lumber | 125 |
| Grouse Mountain Lodge | 125*/100 |

* Indicates seasonal employment figures

TABLE 5.4
Top Public Employers in Flathead Valley -2010

| Industry/Employer | # Employed |
|---|----------------------------|
| School District #5 (Kalispell) | 750 |
| Flathead County | 526 |
| School District #6 (Columbia Falls) | 339 |
| School District #44 (Whitefish) | 207 |
| City of Kalispell | 180 |

Sources: Montana West Economic Development – Flathead County Profile

PART 4: Facilities and Infrastructure (see Goal 22)

Adequate business facilities and public infrastructure are necessary to promote a healthy business climate. Successful business communities often rely upon designated business districts to promote close proximity of businesses and services. Advances in transportation and communication technologies have enabled businesses to thrive in more remote areas of the nation. Important transportation infrastructure to support the county economy includes Glacier National Airport, road networks, and the railroad lines. Utilities such as those providing high speed internet and phone services are also essential. For an overview of land use considerations for commercial development see Chapter 2, and for more information on public facilities and infrastructure in the county, refer to Chapter 7.

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Lack of transportation network; limited access to rail and limited industrial areas suitable for development. -> Talk to Kelli Danielson, MWED

Ask why agricultural costs are low on rail, other products are more expensive -> Kelli

This section can be further developed to discuss:

- Infrastructure that does exist and should be capitalized upon, direct future residential, commercial and industrial development toward
- Required infrastructure improvements necessary to promote economic growth and development in Flathead County – for example, what types of industry are we looking to grow, and what types of facilities and infrastructure are necessary to attract and keep -this type of development in our county?
- Reference Economic Development plan

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PART 5: Economic Outlook

Estimates projecting future economic activity in Flathead County include an increase in non farm labor income growing by 3.0 to 4.0 percent per year through 2008. Other projections had predicted slightly faster growth in 2005 with a deceleration in the following part of the decade. Both are shown in Figure 5.8. Predicting the future economic trends is a daunting task, particularly with the transitioning economy in Flathead County. If population growth slows in the future, sectors dependent on the growth itself, such as the construction industry, will experience decline – this is what happened in the past five years. The manufacturing sectors of the economy are currently declining – and have continued to decline. Growth in the service and retail trade is fast increasing, proving that the economy is clearly shifting to reflect the demographic changes. Success in creating and maintaining a sustainable economy will rely largely on the behavior of private markets.

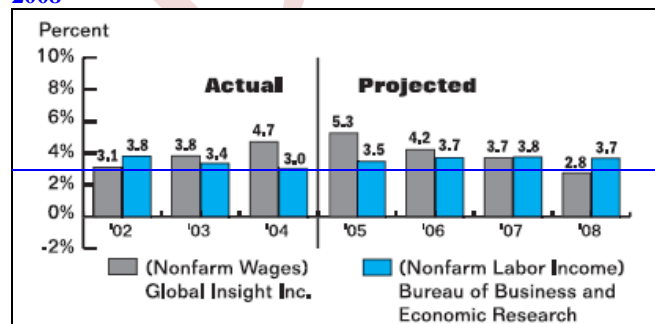
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Comment [a23]: Summarize previous economic trends discussed in this paragraph, relevant through 2005/2006 when GP was written.

Evaluate current economic trends, referencing Figures 5.8 and 5.9 below.

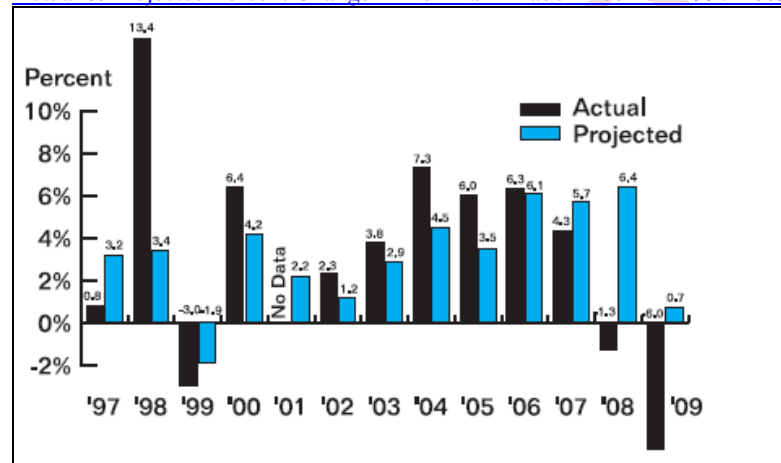
Figure 5.8
Actual and Projected Change in Nonfarm Labor Income and Wages—2002 through 2008



Source: Outlook for Flathead County, Montana's 2005 Economic Outlook

FIGURE 5.8

Actual & Projected Percent Change in Non-Farm Labor Income – 1997-2009

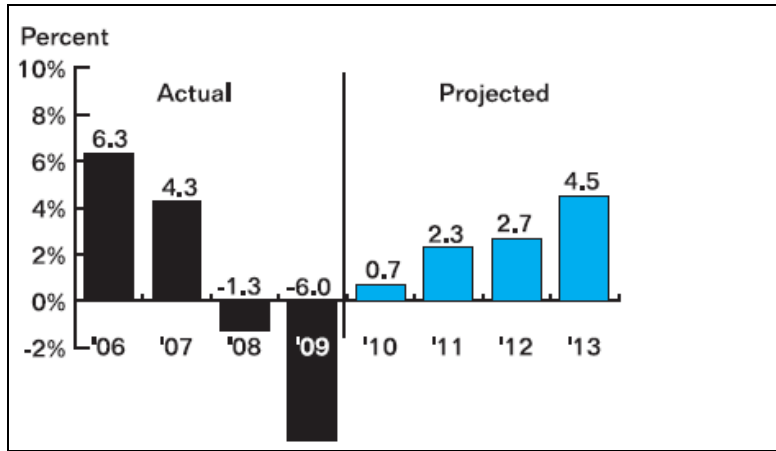


Sources: Bureau of Business and Economic Research, The University of Montana;
Bureau of Economic Analysis, U.S. Department of Commerce.

FIGURE 5.9

Actual & Projected Percent Change in Non-Farm Labor Income – 2006-2013

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Sources: Bureau of Business and Economic Research, The University of Montana;
Bureau of Economic Analysis, U.S. Department of Commerce

Projections for the state of Montana through 2012 appear to reflect similar trends in the county economy. These projected trends include employment declines in natural resource based industries such as mining, crop and animal production, forestry, and industries such as computer and electronic product manufacturing, wood product manufacturing, and primary metal. Economic predictions for the state foresee increases in service occupations, construction and retail trade.⁷

~~Wages likely will continue to rise as the cost of living in the county continues to increase. Employers will be forced to provide adequate wages to meet the cost of living or be faced with a shortage of dependable employees. Any future influx and/or creation of new high value jobs would be expected to increase wages. Wages continued rising for awhile – then declined with the economic downturn.~~

~~The economic outlook for the area is good with a diversifying economy which protects the county from suffering from sudden economic changes in any one sector. Flathead County's ability to attract and retain a sustainable employment base, with industries and jobs that will remain in times of slow or fast population growth, will determine the strength of the economy in the future. Flathead County can assist by encouraging safe, healthy, convenient, compatible and efficient land uses that allow a diverse number of businesses to flourish during the process of community development.~~

PART 6: Plan for Economic Development (reference additional goals & policies)

The goals and policies of this chapter call for a number of activities in support of business to be undertaken by the county. These include providing adequate land areas, fostering business and workforce development, supporting traditional industries, promotion of

⁷ Industry Employment Projections, www.ourfactsyourfuture.org – update citation as necessary

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Comment [a24]: Update using current data provided in tables above.

Comment [b25]: Maybe move to the next section?

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business centers and other efforts to support a growing economy. This can only be done in a satisfactory manner if the business community works with the county to produce an economic development strategy. Economic development organizations must clearly articulate the needs of existing businesses and employers. Efforts must be integrated so the county can send a unified message to prospective new businesses in a highly competitive climate. Land area needs must be demonstrated together with strategies for steering commercial growth to selected locations. Such a coordinated effort will help to assure that Flathead County's economic goals will be reached.

PART 7: Tools and Incentives

▲ Briefly discuss development tools and incentives that may be utilized through the implementation of an economic development plan, to encourage stability and growth.

- Tax incentives, financing options, TIFFS
- Identify local partners and agencies available to help, support structure
 - MWED, Port Authority (how are they related?) – what resources are available to them, to the County
 - How are they structured?

Comment [a26]: Use this as a starting point for economic development plan discussion.

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